

**Alabama Credit Union Administration  
Regulation**

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## **ACUA Regulation 1705 Field of Membership**

### **1705.1 Credit Union Membership**

§ 5-17-5 of the Code of Alabama, 1975 states, “Credit union membership shall consist of the incorporators and such other persons as may be elected to membership and who subscribe to at least one share and pay the initial installment thereon and the entrance fee. Organizations, incorporated or otherwise, composed for the most part of the same general group as the credit union membership may be members.” The statute differentiates between membership, generally and membership requirements at organization, when it states, “Credit union organization shall be limited to groups...” This regulation defines what characteristics are permissible for groups to be added to a credit unions Field of Membership subsequent to organization of the credit union.

### **1705.2 Definitions**

Unless the context indicates otherwise, the following definitions are used in this regulation.

**Association** - A group of persons with substantially common activities, loyalties, purposes, and mutual benefits or interests. The group must be a bona fide association, having a Board of Directors or other executive body, bylaws or a constitution, and should hold regular meetings, of its natural person membership. Organizations of association members, who qualify individually for membership, may qualify separately for membership.

**Employee Group** - A group sharing an employer/employee relationship with a common entity, including subsidiaries, parents, affiliates, and entities operating under the same general control or ownership group. Individuals under contract to an enterprise may be considered to be with the employee group of that entity. Organizations of employees, who individually qualify for membership, may qualify for membership as separate entities.

**Field of Membership (FOM)** – The group or groups of individuals and/or organizations defined by each credit union, for whom that credit union is designated to provide service according to the credit union’s by-laws.

**Geographic Area** - A discernable, clearly defined, geographic area, which is subject to specific identification or survey.

**Geographic Based Group** – A credit union Field of Membership group defined according to a geographic area.

**Multiple Group (MG)** – A credit union Field of Membership comprised of more than one group, which may include one or more geographic area based group(s).

**Multiple Select Group (MSG)** – A credit union Field of Membership comprised of more than one select group.

**Occupational Group** - A group of individuals who pursue the same specific defined occupation, but are not necessarily employed by the same employer or related employer.

**Overlap** - The condition where a group proposed to be added to the Field of Membership of a credit union includes persons who are also eligible for some other credit union due to membership in the group. The term overlap includes any credit union, which has an office in the area of a proposed geographic area and any employee group with a significant business operation in such geographic area.

**Overlap Protection** – The giving of a credit union specific right to service members and deny that right to another credit union or credit unions seeking to include those same members within its Field of Membership.

**Select Group (SG)** – Any group, other than geographic based, designated for inclusion within a credit union's Field of Membership.

**Single Select Group (SSG)** – A credit union Field of Membership comprised of only one select group.

### **1705.3 Requirements for Field of Membership Expansion**

Requests for Field of Membership Expansion will be considered only where the applicant credit union is adequately capitalized and demonstrates, through its financial condition and marketing plans an ongoing intent and ability to continuously serve the proposed Field of Membership.

#### **1705.31 Credit Unions Allowed FOM Flexibility at Least Equivalent to Federal Credit Unions in Alabama.**

Alabama state credit unions will be allowed to have at least as much flexibility as federal credit unions in the regulation of fields of membership.

#### **1705.32 Application Requirements**

A separate application must be submitted for each single prospective group for which a credit union desires to be added to its Field of Membership. Blank application forms will be provided by the ACUA. Expansion into any Field of Membership requires the specific prior approval by the Administrator.

### **1705.33 Universal Requirements**

Every application for Field of Membership expansion shall include the following information:

- (A) A description of the proposed group, including the type (occupational, associational, employee, or geographic area.) Specific descriptive details required depend on the type of Field of Membership requested.
  - (1) If the proposed group is an association, it must be described using the full, correct, and legal name of the association (e.g. “The Indian Highlands Neighborhood Association”, NOT “property owners living in the Indian Highlands Subdivision.”)
  - (2) If the proposed group is an employee group, the description must include the name of the employer, including any limiting or inclusive language as may be necessary to differentiate the group (e.g. “Employees of Shelby Cleaners, Inc.” OR “Employees of Shelby Cleaners, Inc. and their family members,” OR Employees of Shelby Cleaners, Inc. who work at or are paid out of its Montevallo, Alabama office,” NOT “Employees, stockholders, customers, and neighbors of Shelby Cleaners, Inc.”)
  - (3) If the proposed group is an occupational group, the description must include a detailed description of the occupation, as defined by the U.S Dept of Labor as an occupation common to the group, including any limiting or inclusive language as may be necessary to differentiate the group. Approval for an occupational Field of Membership will require that the group be limited by some means in order to show that the credit union will be able to provide service to all members of the group. (E.g. “Individuals, who work as plumbers, whether licensed or not, in Birmingham, Alabama” OR “Licensed plumbers, who are either self-employed or work for or with others in Birmingham Alabama, NOT “Computer hackers who work in Birmingham, Alabama”.)
  - (4) If the proposed group is one based on a geographic area, the description must define specifically an area in terms that are commonly known, and designations that are permanent or nearly permanent. (e.g. Shelby County, OR the area bound by County Road 12, Alabama 119, County Road 22, and Alabama 25; NOT Voting District 5 of the City of Montevallo.) The description must also define some easily distinguishable and permanent relationship among the individuals in the area (e.g. persons who live, work, or attend school or church in Shelby County, NOT persons who shop, or visit tourist attractions in

Shelby County.) A geographic area Field of Membership will not be granted if it would permit “cherry-picking” of individuals for membership (e.g. persons residing in Shelby County with individual annual incomes of \$25,000 or more combined family annual incomes of \$50,000 or more, or property owners in Shelby County.) A geographic area Field of Membership will not be granted if the obvious intent of the request is to include ONLY an employer or group of employers in an area where the only employer or group of employers is/are the one(s) in the geographic area requested (e.g. persons living, working, or attending school or church in the area bound by Highland Street, Bloch Street, County Road 10 and Salem Road in Montevallo, which outlines basically the University of Montevallo campus.)

- (B) If the applicable group is 500 or more potential members, or would increase the applicant credit union’s FOM by 50% or more, whichever is less, the credit union shall provide:
- (1) Description of services to be offered,
  - (2) An explanation of how the credit union intends to offer the services;
  - (3) An outline of the credit union’s marketing plan and business plan that addresses strategic analysis, implementation of strategic objectives and financial impact.

**1705.34 Other Application Requirements for Geographic Area Based Field of Membership.**

Geographic areas added to the existing Field of Membership of a credit union need not be a “community ” as required by the National Credit Union Administration pursuant to the provisions of the Federal Credit Union Act. The ACUA will authorize expansion of a Field of Membership to include a particular geographic area based upon the following considerations:

- (A) Whether the applicant credit union provides a rational basis for the area description and establishes appropriate reasons for specifying the geographic area to be added.
- (B) The adequacy of the description of services to be added, the adequacy of the explanation of how the credit union intends to offer the services and meet the needs and conveniences of the potential members.

**1705.35 Geographic Area Based Fields of Membership approval to be probationary, and require subsequent review.**

Geographic areas shall be added on a probational basis and shall be reviewed at the request of the Administrator. Upon finding that members within a geographic area Field of Membership are not being properly served, the geographic based Field of Membership in question may be revoked by the Administrator. Failure to timely comply with any requests by the Administrator for information relative to these subsequent reviews shall be deemed to be an admission that the credit union does not properly serve its membership within the geographic area in question. Revocation of approval to include the geographic based group within the credit union's Field of Membership may be appropriate.

**1705.4 No Overlap Protection for Geographic Area Based Field(s) of Membership**

Overlap protection will not be afforded any credit union to serve a geographic area. Applications for additional geographic area based Fields of Membership by other credit unions will not be denied because of overlaps between or among geographic area Fields of Membership

**1705.41 Temporary Overlap Protection among Single Select Groups**

A credit union with a select group (SG) as its Field of Membership may be granted temporary protection from overlap of its group with other credit unions by the Administrator

Whether or not, and for how long, overlap protection may be granted will be at the discretion of the Administrator

**1705.5 Approval**

Applications for Field of Membership expansion may be denied or granted with a specific effective date. The effective date may be extended by the Administrator as he or she deems fit.

The Administrator shall notify all state chartered credit unions of the approval of any geographic area field of membership or of the approval of any group that is 500 or more persons.

### **1705.51 Field of Membership Expansion Approval May be Appealed**

A credit union or any other person may appeal the granting of any Field of Membership expansion by written appeal delivered to the administrator within 60 days after discovery or 90 days after issuance of an order of approval, whichever is later. In the event of an appeal, the Administrator shall hold a hearing not later than 60 days after the filing of an appeal. The Administrator shall render a decision regarding an appeal within 10 days after the hearing.

The Administrator's decision may be appealed by written notice delivered to the Administrator within 30 days after the decision is rendered. The Credit Union Board of the Alabama Credit Union Administration shall then determine if a second hearing is appropriate within 10 days after the filing of the appeal of the Administrator's decision. If the ACUA Board so determines, a second hearing may be scheduled before that board within 30 days after filing of the second appeal. If a second hearing is not scheduled, the parties will be given the opportunity to file written documents supporting their position.

### **1705.6 Penalty for Violation**

Upon finding violation of any of the requirements of this regulation the Administrator make revoke the expansion and the right to serve a group if said expansion might not have been so granted without violation.